

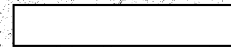
CIAOER
Economic Intelligence Weekly

EW 75-01-29

Approved For Release 2002/05/29 : CIA-RDP86T00608R000500140004-9

TREA Declass/Release Instructions On File

29 Jan 75

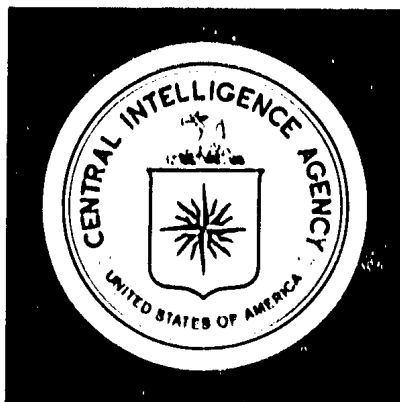


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ER EW 75-4

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Economic Intelligence Weekly

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ER EIW 75-4
29 January 1975

NATIONAL SECURITY INFORMATION
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Automatically declassified on: date impossible to determine

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ECONOMIC INTELLIGENCE WEEKLY

29 January 1975

25X6

25X6

Developed Countries: Oil Crisis and Economic Growth	3
<input type="text"/>	7
Developed Countries: Oil Prices and Inflation	9
<input type="text"/>	11
China: Slow Economic Growth Expected	15
Latin American Reaction to the US Trade Pact	16
World Rice Prices May Soften Further in 1975	18
Notes, Publication of Interest, Statistics	

Overview

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Unemployment in Japan has reached the highest level in 20 years. Despite the likelihood of further layoffs and the growing pressure for government countermeasures, Tokyo plans no major shift to expansionary policies until wage negotiations are completed this spring.

Improved Fringe Benefits Threaten the Italian Government's Goal of restraining increases in wage costs to 16% this year. Three major unions have secured higher unemployment compensation, beefed up escalator clauses, and improved

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Note: Comments and queries regarding the *Economic Intelligence Weekly* are welcomed. They may be directed to of the Office of Economic Research,

25X1

pension benefits. The settlements will add billions of dollars to industrial costs at a time when demand is flaccid -- a high price for a tenuous labor peace.

The Soviet Press Says the USSR has been freed from paying the remainder of its Lend-Lease debt by the conditions incorporated in the US Trade Act. The Soviets are committed to make the last of three initial payments totaling \$48 million on 1 July, leaving \$674 million unpaid. The Lend-Lease Settlement of 1972 made payment of the latter amount contingent upon the granting of unconditional MFN status.

The Dollar Continued Its Slow Decline against all major currencies last week. Falling US interest rates and the anticipated relaxation of US fiscal policy are major factors in the dollar's recent weakness. Gold was fixed at \$176.50 an ounce yesterday afternoon in London, a gain of \$0.75 for the week. Gold prices remain far below the \$195.25 peak reached in late December in anticipation of large US private purchases.

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Articles

DEVELOPED COUNTRIES: OIL CRISIS AND ECONOMIC GROWTH*

The oil price hike has simultaneously contracted demand and inflated prices in the industrial world. It played a major role in the sharp drop in industrial output and business confidence in 1974. Its effects -- particularly on trade balances and money markets -- darken prospects for an economic rebound in 1975.

An External Shock

The cuts in OPEC oil production in late 1973 and the breathtaking rise in oil prices dealt the major industrial economies an unprecedented external shock. The shock was exceptionally severe because it came roughly six months after the major countries, in near unison, had adopted more restrictive policies to slow their overheated economies. As a result, instead of the planned soft landing, the real annual rate of growth for the six major foreign economies plunged from 9.1% in the first half of 1973 to a negative 0.9% in the first half of 1974. GNP remained in this depressed state through the end of the year, showing practically no growth in the second half over the first. If the United States is included, GNP growth slumped from 8.2% in the first half of 1973 to a negative 2.1% in the first half of 1974 and a negative 1.7% in the second half.

Business and consumer confidence continued to slide; inventories mounted. Real investment in the six major foreign countries fell off at an annual rate of 11.5% in the first half of 1974 and at an estimated 3.6% in the second half. Growth in private consumption was near zero in the first half of 1974 and recovered only slightly thereafter. Final domestic demand for the year as a whole declined at a rate of 0.2%.

Industrial output in the six major foreign countries weakened progressively throughout 1974. Their combined monthly output had fallen below the year-earlier level by August and has since continued to sag. In November, output was down by an estimated 7%. Japan and West Germany -- the two largest foreign economies -- showed declines of 13% and 7%, respectively.

* This article does not attempt to *quantify* the growth impact of higher oil prices as distinct from other factors in the world economic slowdown. Such an assessment would depend heavily on assumptions concerning values and lags of various multipliers -- the reliability of which would be questionable, given recent radical changes in the world economy.

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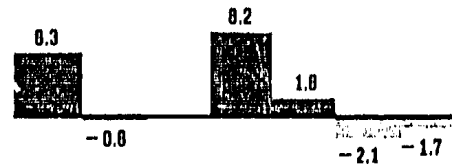
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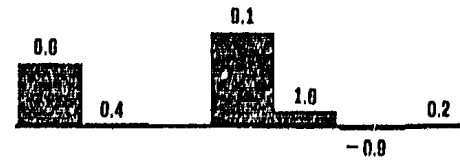
DEVELOPED COUNTRIES: Changes in Real GNP

Percent Change over Previous Period; Semiannual Data at Annual Rates, Seasonally Adjusted

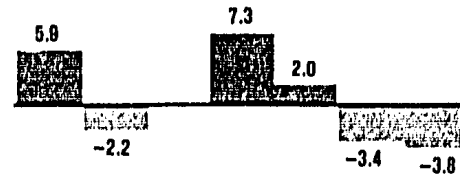
TOTAL FOR SEVEN COUNTRIES



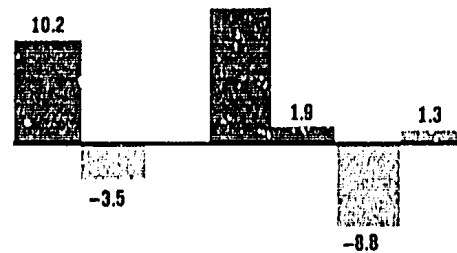
TOTAL FOR SIX FOREIGN COUNTRIES



UNITED STATES



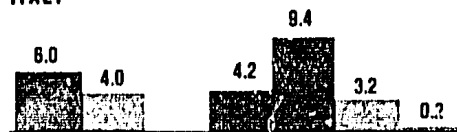
JAPAN



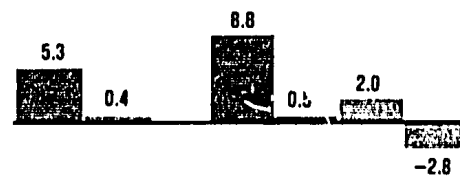
FRANCE



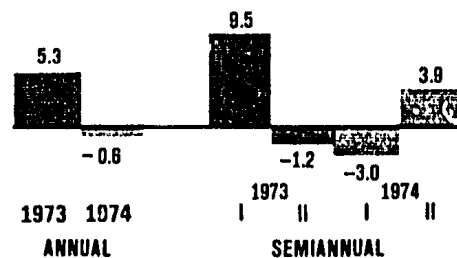
ITALY



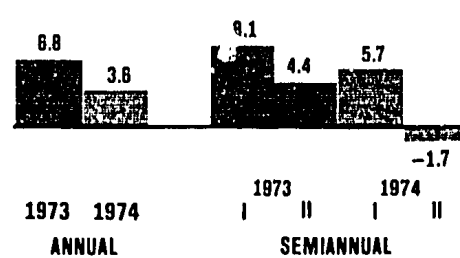
WEST GERMANY



UNITED KINGDOM



CANADA



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Unemployment in these countries as a group rose 40% during 1974. The number of unemployed in West Germany about doubled, to nearly 1 million workers. In Japan, the policy of providing lifetime jobs limited the rise in unemployment to 8% until December, when layoffs spurted. The United Kingdom, France, Italy, and Canada experienced rises in unemployment of between 15% and 35%.

Individual Countries

Among the industrialized countries, *Japan* suffered the sharpest decline in GNP last year. Total output dropped at an 8.8% annual rate in the first half, improving by a meager 1.3% in the second half. Both consumption and fixed investment fell sharply, pulling down final domestic demand by 5.0% for the year. The GNP slump would have been even worse had inventories not been allowed to mount. With inflation still running at 20%, Tokyo has held to the restrictive policies that are exacerbating the contractionary effects of the oil price hike.

The *United Kingdom* suffered a 0.6% drop in GNP for 1974, after the 5.3% gain of 1973. Because of a prolonged coal strike and the oil crisis, growth at an annual rate was a negative 3.0% in the first half of 1974 on top of a decline in the second half of the preceding year. GNP recovered at an estimated 3.9% annual rate during July-December 1974; its value nevertheless remained slightly below that reached in the first half of 1973.

Developed Countries: Changes in Real GNP and Components, 1974

	Percent Change over 1973							
	Japan	West Germany	France	Italy	United Kingdom	Canada	United States	Total Excluding the United States
Private consumption	-0.3	-0	4.0	4.0	-0.3	5.5	-2.2	-0.3
Government purchases of goods and services	-8.6	3.4	3.6	1.6	2.0	6.7	1.0	0.6
Gross fixed investment	-11.4	-6.5	3.3	4.7	-5.5	8.4	-7.2	-6.0
Plant and equipment	-10.5	-8.1	4.7	9.9	0.7	11.1	-0.3	-2.1
Construction	-13.5	-5.2	0.6	1.6	-29.9	2.1	-27.1	-16.4
Final domestic demand	-5.0	-1.0	3.8	3.6	-0.3	6.3	-2.4	-1.3
Exports of goods and services	18.7	14.0	7.0	4.2	5.1	-1.3	7.5	8.6
Imports of goods and services	10.7	5.2	5.5	0.4	1.1	10.5	1.0	3.3
Net foreign balance ¹	0.9	2.3	0.4	0.9	0.8	-3.1	0.5	0.7
Stockbuilding ¹	0.6	-0.9	-0.3	-0.3	-1.1	0.4	-0.3	-0.3
GNP	-3.5	0.4	3.9	4.0	-0.6	3.6	-2.2	-0.8

1. Changes in the net foreign balance and the rate of stockbuilding are expressed as a percent of previous period's GNP, presented at an annual rate.

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Thanks solely to moderate increases in government spending and in net foreign demand, *West Germany* managed to keep output at the 1973 level. Growth slipped from 5.3% in 1973 -- attributable to a banner first half -- to 0.4% last year. A dramatic falloff in business investment and continued apathy among consumers plagued the economy throughout the year. Because a drop in export demand added to the domestic slump in the second half, GNP fell by 2.8% during July-December.

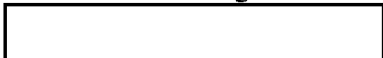
When the oil crisis hit, the *Italian* economy was recuperating from an economic slowdown caused by business malaise and massive strikes. Despite still-strong domestic demand, growth plummeted from an annual rate of 9.4% in the second half of 1973 to 3.2% in the first half of 1974. An austerity program, induced by severe balance-of-payments problems, dropped the growth rate to near zero in the second half of the year.

France's growth rate actually rose in the first half of 1974 because of strong consumer demand and still buoyant investment. Growth slumped from 4.5% to an estimated 1.0% in the second half, however, as investment plunged in reaction to harsh government taxes and restraints on business and as demand for French exports slumped.

As a net exporter of oil, *Canada* at first benefited from the sharp hike in oil prices. GNP growth increased to 5.7% in the first half of 1974, compared with 4.4% in the second half of 1973. During July-December, however, housing investment fell precipitously in the wake of a jump in interest rates, and exports were hurt by weak US demand. Growth dropped to an estimated annual rate of negative 1.7%.

Outlook

Prospects for substantial growth in 1975 are dim. Continued weak demand for investment goods, depressed export markets, and a large overhang of inventories will hobble recovery. Private consumption and government spending will be the major strong points. On balance, the six foreign economies should show a growth rate between 1% and 2% for the year as a whole -- better than in 1974 but far below the long-term trend. Most of this growth will occur after midyear.



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DEVELOPED COUNTRIES: OIL PRICES AND INFLATION

During 1974 the sharp rise in oil costs gave a strong push to inflation in Japan, West Germany, the United Kingdom, France, and Italy. Since the initial OPEC price hike in October 1973, wholesale prices in these countries have risen 30% on average and consumer prices nearly 20% -- the sharpest increases in post-World War II history.

Overall Impact

Higher oil costs directly accounted for one-third of the overall rise in prices in major foreign economies during the past year or so.* The increase in oil prices has boosted wholesale prices by an average of 9% and consumer prices by perhaps half that amount. Japan and Italy have been particularly hard hit because oil meets three-fourths of their energy requirements. Price levels in the United Kingdom, West Germany, and France were also boosted substantially, as indicated in the tabulation.

	Percent Increase, December 1974 over September 1973		
	Delivered Price of Crude Oil	Wholesale Prices	
		Total	Attributable to Oil Prices
Japan	256	32	11
West Germany	180	16	8
United Kingdom	207	33	7
France	256	30	4
Italy	253	49	12

Most of the oil-induced inflation occurred during the first half of 1974, with higher oil costs accounting for two-fifths of the rise of wholesale prices in Japan, nearly one-half in West Germany, and nearly one-fourth in the United Kingdom. Higher oil costs were also a key factor in Italy's 68% wholesale price inflation in the first half and France's nearly 50% rate. Because one-half of Canada's oil consumption is supplied from domestic output under controlled prices, the rise in Canadian oil prices in the first half was substantially less than in any other major foreign industrial country -- roughly 100%.

* We have used input-output tables to estimate the impact of rising oil prices on the level of wholesale prices. We assumed that two-thirds of the October 1973 price hike was passed through by yearend and that the balance plus three-fourths of the December 1973 price hike was passed through in the first half of 1974.

The cost of oil remained an important though declining influence on the rate of inflation in the second half of 1974. In Japan and the United Kingdom, certain prices affected by higher oil costs jumped after midyear, when price controls were eased. Japanese utility rates, for example, were raised 70% in July 1974. Oil price hikes continue to reverberate in the West German, French, and Italian price systems at a diminishing rate.

Impact on Industries

Industries hardest hit have included chemicals, rubber, electric power, and textiles. Unit output costs for heavy chemicals in Japan, for instance, have increased nearly 10% as a direct result of higher oil prices. Transport costs in France, to cite a second example, have been boosted by 15%-20%. Data for West Germany indicate that roughly one-third of the rise in machinery prices stemmed directly from higher energy costs.

Percent Increase in Unit Output Prices Directly Attributable to Higher Oil Costs Since October 1973

	United Kingdom	Japan	West Germany
Agriculture, forestry	5.7	3.4	4.9
Raw materials	5.4	8.8	6.1
Refined petroleum	125.1	114.4	71.8
Processed foods	3.6	3.8	4.6
Tobacco	2.7	1.7	1.1
Iron and steel	6.4	5.9	6.5
Nonferrous metals	3.6	6.3	4.2
Fabricated metal products	3.4	4.0	3.5
Chemicals	8.9	10.2	5.1
Rubber	4.0	5.4	3.5
Fibers, yarn, fabrics	3.1	4.9	2.5
Clothing, furs	2.0	3.6	1.6
Leather goods	2.8	3.9	2.7
Wood products	2.7	5.1	3.6
Agricultural and industrial machinery	2.4	3.4	3.4
Electrical machinery	2.4	3.5	2.8
Transport machinery	3.1	3.2	5.1
Precision instruments	2.0	3.0	2.5
Miscellaneous manufactures	4.3	5.9	2.1
Construction	2.5	4.6	2.4
Utilities	16.6	30.7	6.4
Transport	4.1	7.4	10.6

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Indirect Impact

Higher fuel prices have added impetus to wage demands. A prime example is the case of Japan where perhaps one-fourth of the rise in hourly wage rates during the past year may be attributed to the added inflation caused by higher oil costs. To judge by past relationships between price changes and wage increases, the 1974 wage hikes of 32% would have averaged approximately 25% in the absence of the oil price rise. Labor productivity also suffered because higher oil costs reduced final demand and output.

The oil price hikes of October and December 1973, combined with the oil embargo, also contributed to the unprecedented round of speculative commodity buying that boosted raw material prices dramatically in the first half of 1974. In this period, commodity prices jumped an average of 30% even though final demand had leveled off or declined.

Outlook for 1975

The latest OPEC price hike announced in December will place additional moderate pressure on prices. If the oil companies are able to fully pass through the price rise, it will add about 4% to crude oil costs. Our analysis indicates that the direct impact on wholesale prices in the major countries could be about 0.5%.

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Even if oil prices stabilize, inflation will remain a serious problem for the major industrial countries. Rapidly rising labor costs are a near certainty because of militant labor demands sparked by the spiraling cost of living.

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CHINA: SLOW ECONOMIC GROWTH EXPECTED

In his 13 January report to the National People's Congress, Premier Chou En-lai surveyed 1974 economic results and charted a course of carefully planned but comparatively slow growth. The Chinese economy appears to have grown in 1974 by about 4% - down from the 7% gain of 1973. A respectable increase in agricultural output was not enough to offset a slowdown in industrial growth.

Industry Held Back

Among the factors holding back the rate of industrial growth in 1974 were

- the persistence of imbalances among the extractive, processing, and finishing industries, highlighted by shortages of coal;
- the overburdening of the railroads and congestion at major ports; and
- sporadic work stoppages, lowered worker morale, and reduced productivity created by the anti-Confucius campaign, particularly in the second and third quarters of 1974.

In a major disappointment, skipped over by Chou, steel output fell by an estimated 6%, to 24 million tons. On the positive side, the petroleum industry continued to boom, with a 20% increase in output of crude - to 65 million tons. Production of tractors, chemical fibers, cotton textiles, and chemical fertilizer also increased.

Agricultural Gains

Agricultural growth during 1974 was highlighted by increases in industrial crops such as cotton, sugar, oilseed crops, and hemp. Grain output exceeded the 1973 level of 250 million tons and may have reached the 260 million-ton mark. Nevertheless, grain production in 1974 was clearly less than the authorities hoped

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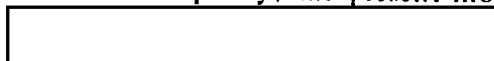
for. Imports of grain -- 7.2 million tons in 1974 -- will continue at a high level with 5.6 million tons already slated for delivery in 1975.

Increased Trade Deficit

In foreign trade, total exports rose last year with the rapid expansion of earnings from oil more than offsetting the impact of shrinking world markets for traditional Chinese goods. Imports grew even faster as worldwide inflation pushed up price tags on China's imports. The trade deficit with non-Communist countries increased from the 1973 level of \$370 million to perhaps \$750 million in 1974. Peking was willing to make heavier use of medium-term credits to finance whole plant imports.

Looking to the Future

Chou singled out the period of the Fifth Five-Year Plan (1976-80) as crucial to attainment of "front rank" status by the end of the century. The basic problem for the People's Republic remains that of boosting the long-term rate of grain production above the rate of population growth. Solution of this problem through expanding industrial inputs to agriculture -- including inputs of foreign technology -- is clearly implied in Chou's speech. In general, he called for tightened central management of the economic and balanced efforts to promote growth. The leadership, however, is in transition and, given the PRC's past experience with radical turns in economic policy, the present moderate approach may be difficult to maintain.



* * * *

LATIN AMERICAN REACTION TO THE US TRADE ACT

In attacking the recent US Trade Act, Latin America has focused on the exclusion of OPEC members from the benefits of the generalized system of preferences (GSP). This reaction masks more basic dissatisfaction. Most Latin countries believe that the law foreshadows an increasingly protectionist policy rather than the special treatment for LDCs agreed to at UNCTAD II.

Bill of Particulars

Specific dissatisfactions with the handling of GSP, which grants duty-free access to US markets for manufactures, semimanufactures, and some processed agricultural products for 10 years, are:

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- All Latin countries are troubled by exclusion from GSP of textiles and nonrubber footwear, which are important Latin American products. Argentina, Brazil, Colombia, and Mexico are the most affected.
- Most countries are upset because the law places a ceiling, product by product on GSP imports from qualifying countries.
- Brazil is critical of the tightening of regulations governing countervailing duties on subsidized footwear exports to the United States.

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Benefits

The Act, however, still provides significant benefits to Latin countries exporting manufactured goods. A US study based on 1972 trade data indicated that the Act would have allowed an additional \$750 million worth of products (11% of US imports from Latin America) to enter the United States duty-free in that year. Mexico, accounting for about \$350 million of this total, would have been the chief beneficiary, mainly because of the diversity of its manufactured goods exports. Brazil would have received duty-free treatment for an additional \$1.3 million worth of goods, and Argentina about \$33 million. On the other hand, because of the limited extent of their manufactured goods exports, Venezuela and Ecuador -- the two OPEC members -- would benefit little from preferences.

Recent Developments

Argentina has canceled the inter-American Foreign Ministers meeting in Buenos Aires scheduled for March and charged the United States with "rigidity and unfairness" in its dealings with Latin America. This move may represent a hardening of the Argentine attitude toward the United States in response to Venezuelan credit offers and a deterioration in the domestic political situation. At an OAS meeting earlier this month, the Latin governments condemned the law as discriminatory and restrictive of trade. The two OPEC countries also have increased the pressure against the United States. Quito seized four US tuna boats last weekend. Caracas has threatened to reduce 1975 oil production 14% rather than the planned 10% and to raise royalty and tax levies if the anti-OPEC provision is enforced.

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Reflecting disappointment with the GSP, several of the Latin countries now believe that permanent changes in trade regulations – particularly elimination of nontariff barriers along with retention of existing LDC preferences – represent the greatest hope for trade benefits for LDCs. They now plan to importune the industrial nations to honor their commitment under the Tokyo declaration by considering LDC special needs during the upcoming multilateral trade negotiations.

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WORLD RICE PRICES MAY SOFTEN FURTHER IN 1975

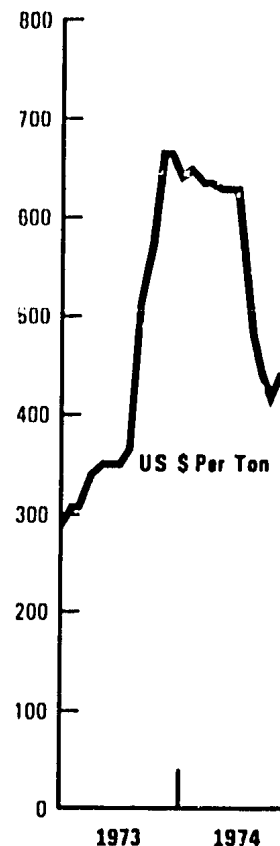
Our review of the world rice situation this year points to a further decline of rice prices, which have already fallen nearly \$200 a ton or 30% since mid-1974. At present prices, we estimate an excess export supply on the order of 1.2 million tons this calendar year.

The projected world paddy rice harvest of 315 million tons for the crop year ending 31 July 1975 is about the same as last year. Export supplies, however, should increase by 1.1 million tons to total 8.8 million tons.

- The bumper US harvest will permit exports of up to 2.5 million tons, 40% over last year.
- Thailand, the world's second largest rice exporter, will have 1.6 million tons available for export, or 45% more than was exported last year.
- Production is up in the other major exporting countries except Burma.

Import demand for rice in 1975 is projected at 7.6 million tons. A 30% increase in demand by Middle East countries—to 1.8 million tons—will be offset by (a) excellent harvests in the Philippines,

US Rice Export Prices¹



¹ No. 2 medium grain, 4% broken, f.o.b. mills, Houston, Texas.
565049 1 75

World Rice Production and Trade

	1972/73	1973/74	1974/75 ¹
	Million Tons		
Production (August-July)			
World total	294.5	317.0	315.4
Western Hemisphere	13.3	15.0	16.7
Of which:			
United States	3.9	4.2	5.2
Africa, Europe, Oceania	9.0	9.5	9.6
Asia	272.2	292.5	289.1
Of which:			
PRC	103.0	105.0	105.0
India	58.9	65.7	60.0
Indonesia	20.5	22.6	23.5
Thailand	12.2	14.4	14.5
Burma	7.4	8.6	7.6
Other	70.2	76.2	78.5
	1973	1974	1975 ²
	Thousand Tons Milled		
Exports			
World total	6,881	7,655	8,800
Western Hemisphere	1,897	2,120	2,875
Of which:			
United States	1,589	1,800	2,500
Africa, Europe, Oceania	848	1,117	1,300
Asia	4,136	4,418	4,625
Of which:			
Thailand	881	1,100	1,600
PRC	1,200	1,500	1,500
Imports			
World total	6,881	7,655	7,575
Western Hemisphere	545	630	650
Africa, Europe, Oceania	1,633	1,720	2,000
Asia	4,703	5,305	4,925
Of which:			
Indonesia	1,657	1,200	700

1. CIA estimates.

2. For 1975, data are export availabilities and import demand.

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South Vietnam, and Malaysia; (b) increased imports of lower priced foodgrains; and (c) a comfortable level of rice stocks in a few large importing countries. Indonesia, the world's largest rice importer, built stocks of nearly 1 million tons in 1974, thus reducing this year's import needs.

The decrease in world rice demand will exert downward pressure on US export prices as stocks climb to near record levels. At current prices, exports are not expected to exceed last year's level of 1.8 million tons unless PL-480 allocations are substantially increased. [REDACTED]

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Notes

China: Agreement To Cancel US Wheat Contracts

The PRC has reached an agreement with an international grain trader, Cook Industries, to cancel contracts for 600,000 tons of US wheat scheduled for delivery from February to September 1975. Peking is expected to reach a similar agreement with a second trader for cancellation of an additional 500,000 tons of US wheat. The two contracts -- worth about \$160 million -- represent the total of outstanding commitments of US grains to China. In spite of the cancellation of the two contracts, US traders do not believe that China has permanently withdrawn from the US market. [REDACTED]

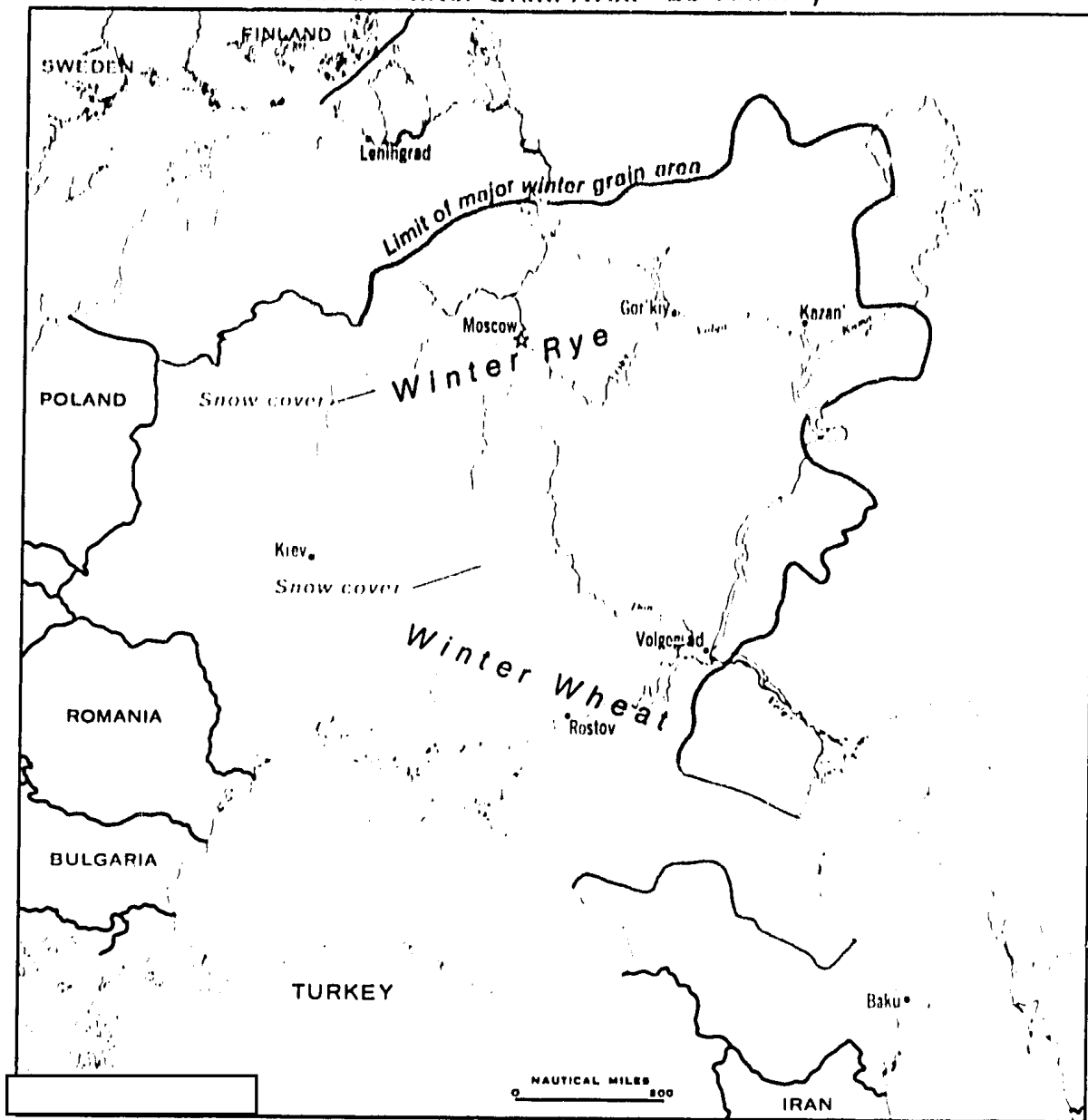
Update on the Soviet Winter Grain Crop

Warm weather that began in early January has melted the snow in the western and southern half of the USSR's winter grain area. This area's unseasonably warm weather, as reported in the Western press, has continued through yesterday. Without a protective layer of snow, several days of extremely cold temperatures (below 0°F) could cause substantial winterkill. Barring the appearance of a severe cold spell before more snow accumulates, the prospects for an excellent winter grain harvest still hold, however. [REDACTED]

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Snow Cover in USSR's Winter Grain Area - 28 January



Publication of Interest*

The Economic Situation in South Vietnam, December 1974
(ER IR 75-1, January 1975, Confidential No Foreign Dissem)

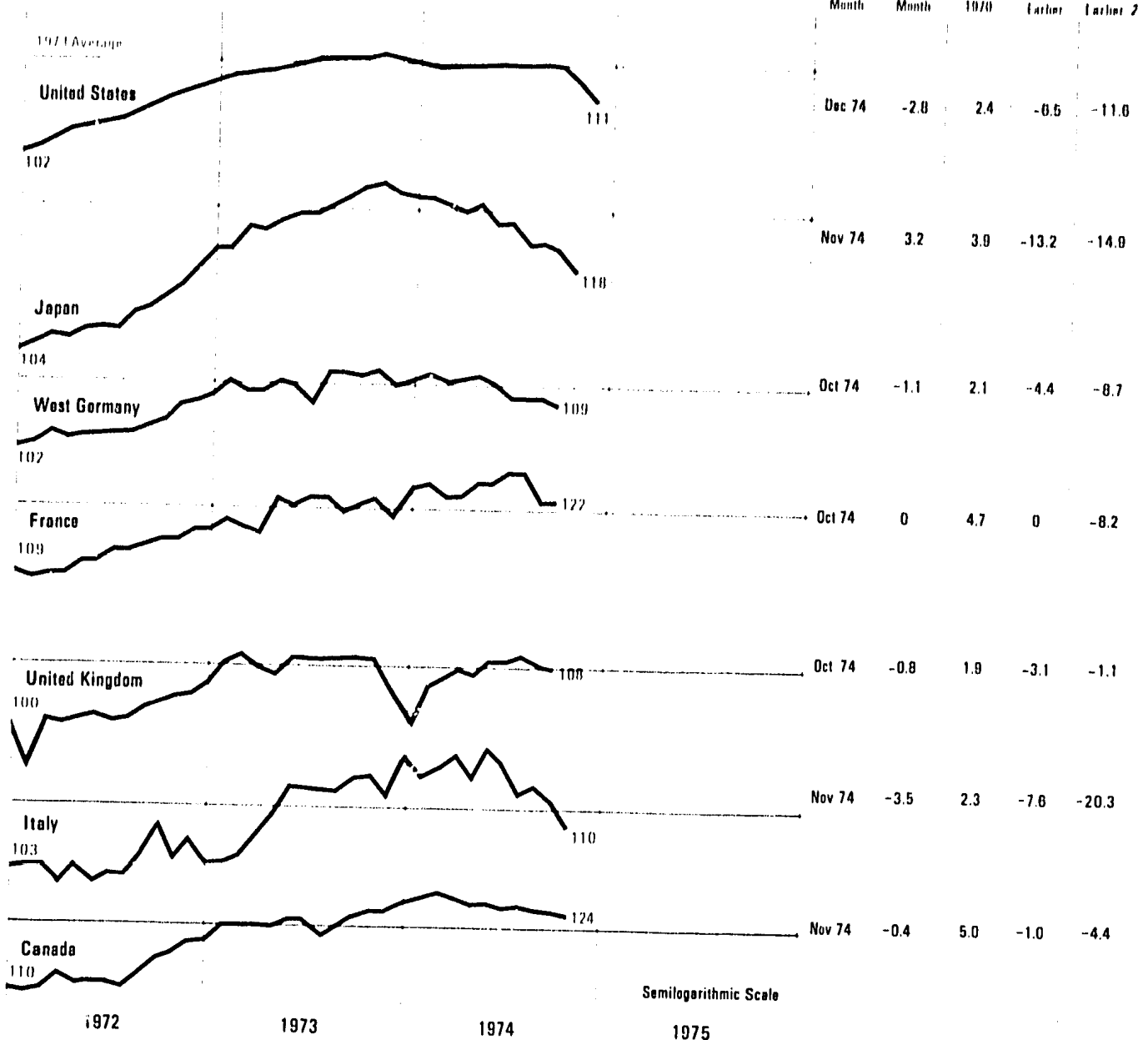
Topics reviewed in the December report include (a) the stabilization policy of new Deputy Prime Minister for Economic Development Hao, (b) signing of new French aid agreement, (c) recent trends in GVN tax collections, (d) revival of charcoal production and export, (e) GVN policies to increase domestic sugar production, and (f) the iron and steel industry.

* Copies of this publication may be ordered by calling

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INDUSTRIAL PRODUCTION

INDEX: 1970 Monthly Average=100

**GNP**

Constant Market Prices

	Latest Quarter	Average Annual Growth Rate Since			
		Percent Change from Previous Quarter	1970	1 Year Earlier	Previous Quarter
United States	74 IV	-2.4	2.5	-5.0	-9.1
Japan	74 III	-0.2	5.3	-3.9	-0.8
West Germany	74 III	-0.5	2.9	0.3	-1.9
France	74 II	0.2	5.6	4.6	0.9
United Kingdom	74 III	1.0	2.7	0.6	4.2
Italy	74 II	0.2	3.8	4.6	0.7
Canada	74 III	0	5.3	4.1	0

RETAIL SALES

Constant Prices

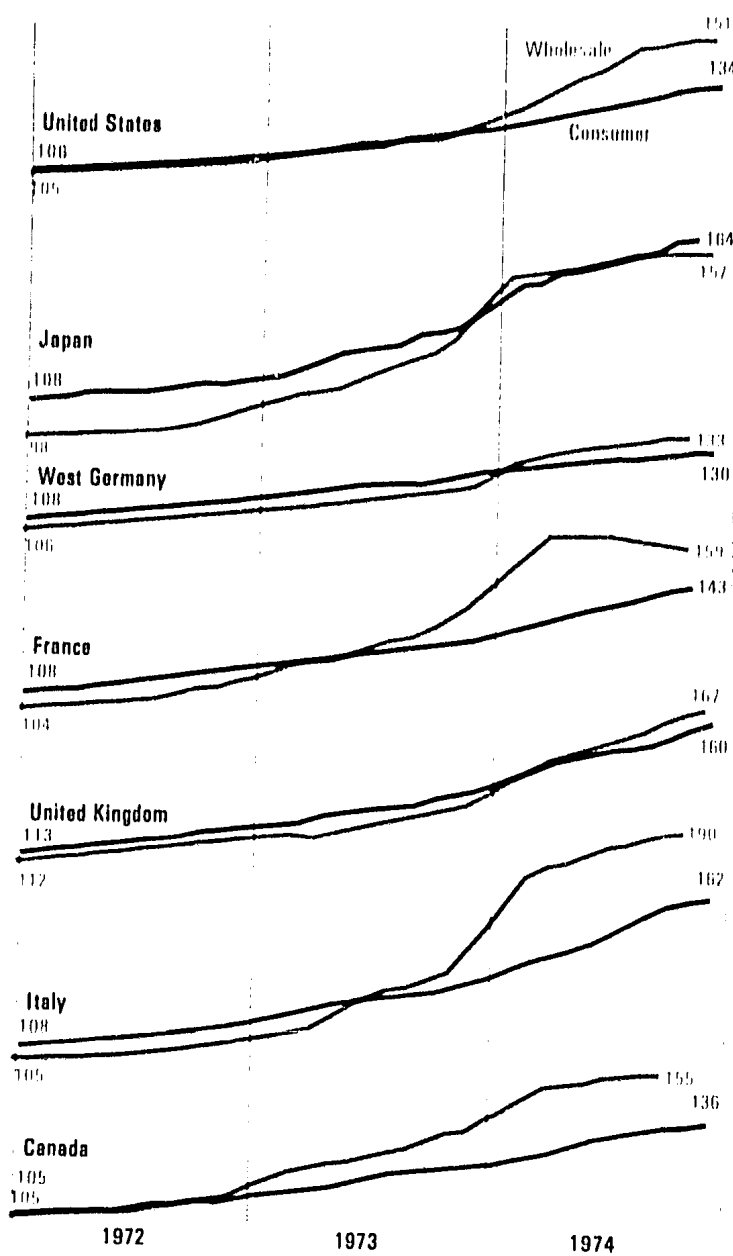
	Latest Month	Average Annual Growth Rate Since			
		Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier
United States	Dec 74	0.1	1.4	-5.6	-22.3
Japan	Sep 74	4.7	2.0	-7.9	2.4
West Germany	Sep 74	2.8	2.5	0	5.0
France	Sep 74	10.6	0.9	7.2	-1.3
United Kingdom	Nov 74	0.4	2.8	-0.1	8.5
Italy	Aug 74	-2.1	6.5	6.7	10.6
Canada	Oct 74	-1.6	4.0	2.2	-2.0

Office of Economic Research/CIA

29 JANUARY 1975

DOMESTIC PRICES³

INDEX: 1970 Monthly Average=100



Average Annual Growth Rate Since

Latest Month	Percent Change from Previous Month		Average Annual Growth Rate Since		
	Month	Month	1970	1 Year Earlier	3 Months Earlier
Dec 74	0.7		7.7	25.6	3.1
Dec 74	0.7		6.7	17.2	10.1
Dec 74	0.2		10.7	17.6	4.2
Nov 74	0.7		12.0	25.3	20.0
Dec 74	0.2		9.5	14.7	4.0
Dec 74	0.3		6.1	5.9	6.4
Nov 74	0.6		11.7	20.6	5.9
Nov 74	0.8		8.5	14.9	13.6
Dec 74	1.5		17.7	23.0	23.5
Dec 74	1.5		11.1	19.2	23.0
Nov 74	0.1		11.5	32.9	6.0
Dec 74	0.9		11.4	25.3	19.4
Dec 74	0.2		10.7	19.5	1.9
Dec 74	1.0		7.1	12.4	12.8

MONEY SUPPLY¹

Average Annual Growth Rate Since

	Percent Change		Average Annual Growth Rate Since		
	Latest Month	From Previous Month	1970	1 Year Earlier	3 Months Earlier 2
United States	Dec 74	0.2	8.3	4.5	3.3
Japan	Oct 74	0.6	16.4	10.0	0.4
West Germany	Oct 74	-0.3	9.0	9.5	10.1
France	Oct 74	2.0	11.8	9.6	-2.6
United Kingdom	Dec 74	1.8	8.7	6.4	10.5
Italy	Jun 74	1.5	20.5	15.6	18.1
Canada	Nov 74	0.7	11.5	8.9	-3.8

WAGES IN MANUFACTURING^{1, 4}

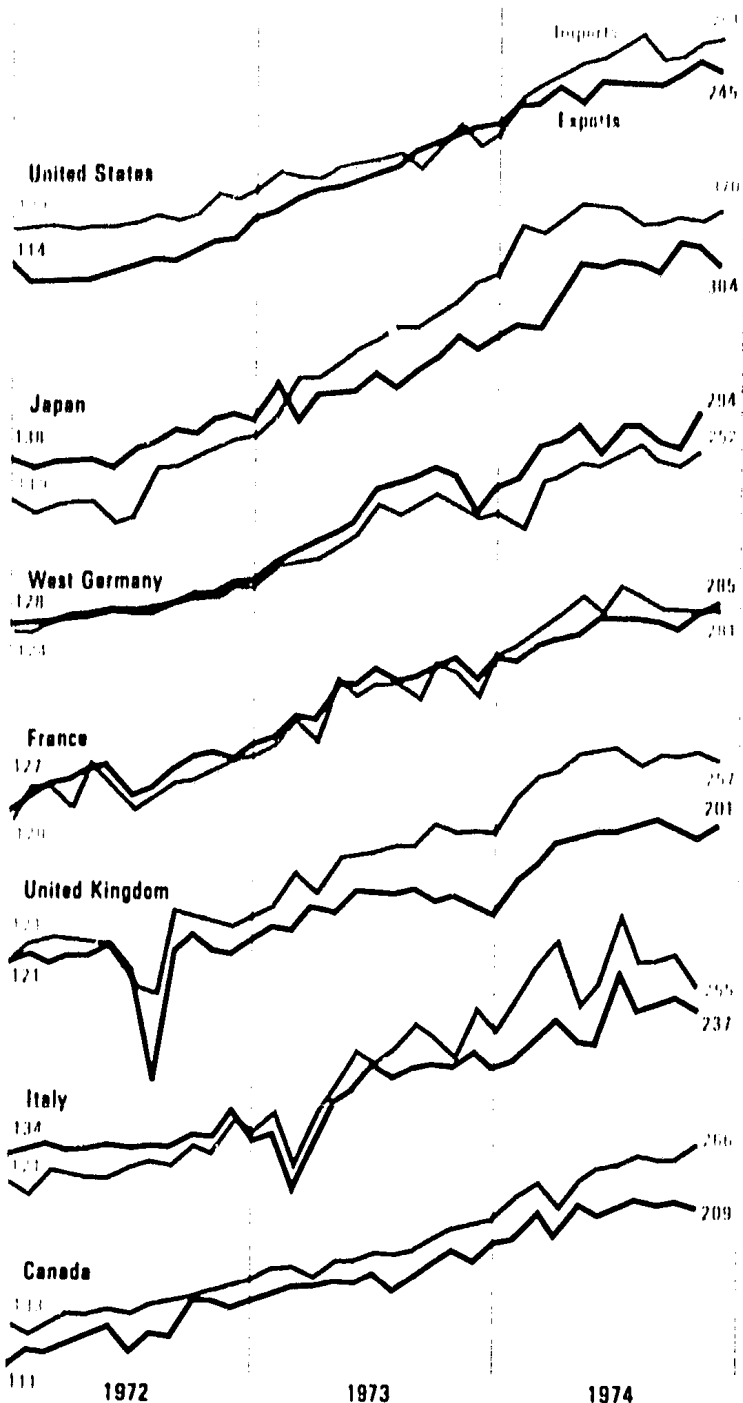
Average Annual Growth Rate Since

Latest Month	Percent Change		Average Annual Growth Rate Since		
	From Previous Period	Period	1970	1 Year Earlier	3 Months Earlier 2
Nov 74	0.6		7.2	10.3	11.9
Sep 74	-2.1		21.7	33.7	34.5
74 III	2.0		11.2	12.0	8.1
74 III	6.0		13.8	20.5	26.4
Oct 74	0.6		14.1	17.9	41.0
Sep 74	0.1		17.6	19.4	24.0
Sep 74	1.8		10.3	15.2	25.4

29 JANUARY 1975

FOREIGN TRADE

INDEX: 1970 Monthly Average = 100 (Feb/Feb)



Semilogarithmic Scale

	Latest Month		Cumulative (Million US \$)		
	Month	1974	1973	Change	
United States	Dec 74	8,740	98,031	70,032	10.4
		1,137	1,136	1,136	1.1
Balance		805	3,030	1,605	4,701
Japan	Dec 74	4,808	54,218	36,124	49.9
		1,137	1,136	1,136	1.1
Balance		183	1,333	3,612	2,279
West Germany	Nov 74	8,197	81,548	62,190	31.1
		1,137	1,136	1,136	1.1
Balance		2,492	22,079	16,123	8,950
France	Dec 74	4,289	46,634	36,620	27.3
		1,137	1,136	1,136	1.1
Balance		89	-3,386	1,432	-4,798
United Kingdom	Dec 74	3,178	35,932	28,025	28.2
		1,137	1,136	1,136	1.1
Balance		-877	-12,111	-5,854	-8,257
Italy	Nov 74	2,613	27,291	19,944	36.8
		1,137	1,136	1,136	1.1
Balance		-232	-0,268	-2,189	-4,079
Canada	Nov 74	2,800	29,797	23,057	29.2
		1,137	1,136	1,136	1.1
Balance		-151	882	1,961	-1,279

BASIC BALANCE

Current and Long-Term Capital Transactions

	Latest Period	Cumulative (Million US \$)			
		Million US \$	1974	1973	Change
United States	74 III	-3,581	-4,285	-287	-3,978
Japan	Dec 74	350	-8,654	-9,374	720
West Germany	Nov 74	805	8,740	8,771	-2,012
France	74 II	-1,038	-2,112	-427	-1,685
United Kingdom	74 III	-1,248	-4,052	-1,485	-2,567
Italy	74 II	-1,811	-6,829	-4,269	-720
Canada	74 II	-445	-613	-8	-808

OFFICIAL RESERVES

	Latest Month		Billion US \$		
	End of	Month	Billion US \$	Jun 1970	1 Year Earlier
United States	Nov 74	15.8	14.5	14.4	15.5
Japan	Dec 74	13.5	4.1	12.2	13.2
West Germany	Nov 74	32.9	8.8	34.1	33.1
France	Dec 74	8.9	4.4	8.5	8.5
United Kingdom	Dec 74	6.8	2.8	6.5	7.2
Italy	Nov 74	6.4	4.7	6.1	5.4
Canada	Dec 74	5.8	4.3	5.8	5.8

MONEY-MARKET RATES

	Representative Rates	Latest Date	Percent Rate of Interest		
			1 Year Earlier	3 Months Earlier	1 Month Earlier
United States	Dealer placed finance paper	Jan 8	8.43	8.88	9.58
Japan	Call money	Jan 3	13.00	11.50	12.50
West Germany	Interbank loans (3 months)	Jan 15	7.02	12.00	9.70
France	Call money	Jan 10	11.75	13.00	13.00
United Kingdom	Sterling interbank loans (3 months)	Jan 15	11.05	15.45	11.49
Canada	Finance paper	Jan 15	8.53	9.15	10.85
Eurodollars	Three month deposits	Jan 15	8.88	9.57	10.65

EXPORT PRICES

National Currency

	Latest Month	Average Annual Growth Rate Since			
		Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier
United States	Nov 74	3.9	13.8	29.8	25.0
Japan	Dec 74	0.9	9.8	25.3	7.8
West Germany	Oct 74	0.9	5.8	18.7	2.7
France	Aug 74	4.7	11.7	32.8	32.8
United Kingdom	Oct 74	0.8	13.4	30.4	10.4
Italy	Aug 74	5.3	10.0	49.1	67.8
Canada	Aug 74	2.4	12.8	37.7	10.0

IMPORT PRICES

National Currency

	Latest Month	Average Annual Growth Rate Since			
		Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier
United States	Nov 74	0.3	10.1	45.3	7.3
Japan	Dec 74	0.5	18.9	52.8	4.1
West Germany	Oct 74	0.8	6.5	28.7	1.5
France	Aug 74	5.7	17.1	85.4	38.8
United Kingdom	Oct 74	1.5	21.0	48.4	18.9
Italy	Aug 74	11.1	27.4	81.0	81.8
Canada	Aug 74	0.2	11.4	31.5	17.4

EXPORT PRICES

US \$

	Latest Month	Average Annual Growth Rate Since			
		Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier
United States	Nov 74	3.9	13.8	29.8	25.0
Japan	Dec 74	-1.8	14.2	15.8	-11.8
West Germany	Oct 74	1.8	14.5	8.8	-3.9
France	Aug 74	3.3	15.8	18.0	42.0
United Kingdom	Oct 74	1.2	12.8	24.9	-0.8
Italy	Aug 74	3.8	15.3	31.8	45.1
Canada	Aug 74	1.0	14.3	39.8	5.2

EXCHANGE RATES

Spot Rate

As of 24 Jan 75

	US \$ Per Unit	Percent Change from			
		(Dec 68)	18 Dec 71	19 Mar 73	17 Jan 75
Japan (yen)	00034	22.51	4.10	-11.12	1.65
West Germany (Deutsche mark)	04310	71.44	38.90	21.72	2.50
France (franc)	02335	15.05	18.59	5.94	2.19
United Kingdom (pound sterling)	23860	-14.50	-8.43	-3.05	1.40
Italy (lira)	00018	-1.58	-8.37	-10.98	2.07
Canada (dollar)	10042	8.87	0.64	0.85	-0.51

TRADE-WEIGHTED EXCHANGE RATES⁶

As of 24 Jan 75

	Percent Change from			
	Dec 68	18 Dec 71	19 Mar 73	17 Jan 75
United States	-17.83	-8.20	-1.54	-0.99
Japan	11.87	-1.68	-13.49	1.07
West Germany	35.13	17.82	12.87	0.54
France	-14.58	-1.18	-3.84	0.18
United Kingdom	-39.28	-24.70	-10.08	-0.07
Italy	-31.43	-29.97	-22.92	0.12
Canada	5.38	-1.19	0.47	-0.92

FOOTNOTES FOR WEEKLY INDICATORS

1 Seasonally adjusted

2 Average for latest 3 months compared with average for previous 3 months

3 Wholesale price indexes cover industrial goods

4 Hourly earnings for the United States, Japan, and Canada; hourly wage rates for others; West German and French data are for the beginning of the quarter

5 Converted to US dollars at the current market rates of exchange

6 Weighting is based on each listed country's trade with 18 other industrialized countries to reflect the competitive impact of exchange rate variations among the major currencies